## Message Text

## CONFIDENTIAL

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INFO OCT-01 IO-13 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07 FRB-03 INR-07 NSAE-00 EPG-02 SP-02 STR-04 TRSE-00 LAB-04 SIL-01 OMB-01 /063 W

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R 011458Z JUL 77 FM AMEMBASSY MADRID TO AMEMBASSY BRUSSELS INFO SECSTATE WASHDC 854 USMISSION GENEVA

CONFIDENTIAL MADRID 4997

USEEC

E.O. 11652: GDS

TAGS: EEC, ETRD, EIND

SUBJECT: EC TALKS WITH STEEL EXPORTING COUNTRIES

REF: BRUSSELS 07080

1. SPAIN IS VERY CONCERNED ABOUT EC ACTIONS TO LIMIT STEEL IMPORTS FOR SEVERAL REASONS, NOT LEAST OF WHICH ARE ITS LARGE TRADE DEFICIT WITH THE EC (\$1.9 BILLION IN 1976) AND THE LEADING ROLE STEEL PRODUCTS PLAY IN SPAIN'S EFFORT TO CURE ITS OVERALL DEFICIT THROUGH INCREASING EXPORTS RATHER THAN IMPOSING IMPORT RESTRICTIONS. TO SHOW ITS WILLINGNESS TO PLAY BY EC RULES, SPAIN HAS ON ITS OWN INITIATIVE ADOPTED THE EC STEEL PRICING SYSTEM FOR DOMESTIC SALES.

2. FOREIGN MINISTRY OFFICIAL IN CHARGE OF SPANISH-EC RELATIONS (FERRAN) INFORMS US THAT SINCE LAST JANUARY SPAIN HAS HAD ONLY CURSORY AND VERY INFORMAL TALKS WITH THE EC COMMISSION ON LEVELS OF STEEL TRADE, AND THAT NO SPECIFIC TRADE LEVELS WERE AGREED UPON.

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3. EC STEEL DIRECTOR SCHAEFFER'S OMISSION OF SPAIN FROM HIS LIST OF COUNTRIES THAT REQUIRE CAREFUL HANDLING SEEMS STRANGE IN VIEW OF SPAIN'S MOVEMENT TOWARD INTEGRATION IN THE EC. IT WOULD BE USEFUL TO REMEMBER THAT THE EC GREW OUT OF AN ARRANGEMENT FOR MARKETING IRON AND STEEL. AS AN INITAIL STEP TOWARD ITS EVENTUAL ENTRY, IT WOUL SEEM LOGICAL

TO GIV	/E SPAIN	CAREFUL	CONSIDER	RATION IN	ANY	EC
STEEL	PROGRA	M.STABLE	R			

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## Message Attributes

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